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Eduardo Calvo, AICP

Executive Director

September 15, 2020

The Honorable Terry Canales, Chair
House Committee on Transportation
Texas House of Representatives
P.O. Box 2910
Austin, TX 78768

RE: Response to Interim Charge 1-B

Dear Chair Canales,

The purpose of this letter is to provide input on the need to have sufficient and sustainable funding sources and financing mechanisms that allow for the timely implementation of needed transportation projects in the State of Texas. The needs throughout the state to maintain, replace and expand our transportation network are tremendous, and there is no single funding or financing mechanism that will satisfy that need. In short, the Transportation Policy Board of the El Paso Metropolitan Planning Organization supports two basic premises:

- The Texas Legislature to provide the widest variety of traditional and innovative funding and financing mechanisms (“tools in the toolbox”) to the Texas Department of Transportation (TxDOT), MPOs, local governments and other implementing agencies to expedite the implementation of projects, and
- Allow individual regions (MPO regions, for example) to select the funding/financing mechanisms that fit the specific and unique needs of the region.

Tools in the toolbox. Looking back at the last 20 years, Texas has had great success in finding ways to expedite needed transportation projects through the use of innovative funding and financing mechanisms. We have been fortunate to have had many “tools in the toolbox” that have allowed TxDOT and local communities to implement projects that otherwise would have taken many years to do so and generating costs due to added congestion and missing economic development opportunities. Some examples of what the Texas Legislature has given us include SB42 (2001), HB 3588 (2003), HB2702 (2005), Proposition 12 (2007) Proposition 1 (2013/2014), and Proposition 7 (2015). These actions have given us tools that include:

- Funding sources: Transportation Reinvestment Zones, additional/optional County Vehicle Registration Fees, tolls
- Financing mechanisms: Propositions 12 and 14 bond programs, Texas Mobility Fund, Pass-through Financing
- Public Private mechanisms
- Regional Mobility Authorities

The current funding outlook for Texas remains uncertain as a result of the COVID-19 pandemic. Proposition 1 and 7 revenues are taking a hit as well as traditional revenues from fuel taxes. Although the pandemic is something that nobody expected, it does show that there may be an over reliance on certain funding sources. The revenues may take a few years to recover, but the impact on project development activities is hard. Having a more balanced approach to estimating revenues from different sources will add stability to the process. It is clear that the use and implementation of these tools has had some challenges and that not all outcomes can claim success. However, the alternative of doing nothing (i.e. “pay as you go”) is not palatable. No single tool will solve the problem and no single tool fits every project, but having a wide variety of options gives all of us the best chance to

move forward successfully and quickly. Collectively, our current challenge is to learn from the lessons of the last 20 years and improve the use of these tools in order to keep our transportation network healthy to capitalize on economic development opportunities and improve the quality of life of all of the residents in Texas.

Local options and decisions. The current process to implement projects is complex and requires intense coordination between federal, state and local agencies. However, the decision to use specific tools should start with the local community. An example is the choice to implement additional highway capacity (new lanes or a new facility) with tolls. Tolling has been successfully used for many years in different parts of Texas, and it has accelerated the implementation of needed projects. Local communities (e.g., Dallas-Fort Worth, Houston, Austin) made these decisions ahead of time and moved forward with implementation in coordination with the Texas Transportation Commission (TTC), TxDOT administration and others. In recent years, there has been hard push back from the TTC on using tolls on projects throughout the state. If the locals want to toll, they should be able to do so. Conversely, if a region does not want to toll, do not force them. A similar argument can be made for the additional/optional County Vehicle Registration Fees. If the tool is available, it should be the locals deciding whether to use it or not. Several steps can be incorporated to ensure that the decision is truly local (e.g., Commissioners Court approval and/or local referendum). The decision should not be made by others outside of the region.

We sincerely appreciate the opportunity to provide these comments and are available to have additional conversations about them. We also look forward to a successful legislative session in January 2021.

Respectfully submitted,



Eduardo Calvo, AICP
Executive Director

Cc: Mayor Dee Margo, Chair Transportation Policy Board
State Representative Lina Ortega, Vice-Chair Transportation Policy Board

